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# The Wise Consumer

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Consumers lose thousands of dollars annually through the trickery of unethical merchants and con artists selling everything from pots and pans to magazine subscriptions to beauty aids to household furnishings and repairs.

While most business operates in an ethical manner, the fast-buck operators thrive on gullible consumers who believe it is possible to get something for nothing — or at least, for almost nothing.

Unfortunately, many of those victimized are the ones who can least afford it.

"He was so persistent that I signed just to get rid of him," is a complaint voiced often at an Ontario Consumer Protection Bureau.

Generally, consumer gyps are preventable. Most are variations of themes which are repeated again and again, but some consumers fall readily into the trap.

There are various laws designed to protect the consumer. To benefit, you have to be aware of what these laws say. You should also have some knowledge of the common gimmicks used by fly-by-night operators.

This booklet offers helpful tips for purchasing goods and services from both itinerant sellers and retail merchants. It is also intended to make you aware of some of the more common pitfalls.



## Always buy from reputable merchants

Consumer buying is becoming more complex. It's no longer a case of just plunking down your money and walking off with the goods. No matter how much you think you know about a product, the merchant knows more. For this reason, you must choose an ethical business establishment which is interested in repeat business and will back up the product being sold.

When making a major purchase from door-to-door sellers, check with the Consumer Protection Bureau to see if the company is registered and whether complaints have been received. Check further to find out:

- how long the company or store has been in business;
- if your friends and neighbors are happy with its service;
- if the store will exchange goods or refund your money if you are not satisfied. If there is any agreement of this kind, ask for it to be written on the receipt. Refunds, exchanges and credits are not required by law;
- what down payment or deposit is required toward future delivery. This should be small and only on goods and services made to order.

## Read advertising claims carefully

Advertising plays a useful role. It tells you what you can buy, but sometimes exaggerates the product. You must see the article yourself to make sure it is what you want.

Analyze claims and be wary of such terms as "all items at wholesale prices", "fantastic price reductions" and "unbelievable

savings". By shopping around, you can determine your best buy.

Be suspicious of "wholesale" or "factory" prices. As far as the general public is concerned, there are no such things.

"Loss leaders" are an exception to prices that look too good to be true. These are goods offered at lower than normal price to attract customers. Merchants hope you will also purchase other goods.

## How to spot an honest seller

Learning to recognize an honest salesperson is one of the keys to becoming a wise consumer. A good seller knows the merchandise, sells it for what it is, doesn't exaggerate and will explain its qualities. The honest vendor will answer questions pertaining to:

- delivery dates;
- installation charges;
- warranties or guarantees, if any, and whether or not they are in writing;
- the product's performance and how it compares with others, particularly when it comes to servicing;
- who stands behind the product, the manufacturer and/or the retailer;
- who does the servicing;
- whether or not the item can be returned for cash, credit or exchange if proven unsatisfactory;
- the true cost of the product including finance and delivery charges as well as taxes.

The dishonest seller will hedge on a number of these queries.

**Don't deal with anyone who won't answer your questions.**



## Don't buy on price alone

That old adage "you only get what you pay for" couldn't be more true. Far too many consumers are saddled with goods of poor quality because they didn't take the time or trouble to shop around for the best possible quality for the money. You should have an idea of the costs involved, what the article can reasonably be expected to do and some understanding of how it operates in order to ask the sales person pertinent and intelligent questions. You shouldn't expect the seller to make up your mind for you. In most cases, he or she is paid a commission which will tend to preclude objective judgment.

For many commodities, there is a fantastic range in quality and price. When making major purchases, it is always wise to buy good quality merchandise. Instead of furnishing three rooms for \$1,000, you might be better off furnishing one room for \$600, waiting until you can afford to furnish another room with quality goods which will last many years instead of months.

Most major appliances are basically the same, but you pay extra for trim, automation and color. You must determine if the difference in cost is worthwhile.

## Contracts are a serious business

Chances are you have signed many documents in your life, from your child's report card to job applications. Signing documents has become routine. Understanding documents is another matter. Do you read everything you sign? You should, because a contract is a legal document which binds you to certain terms and conditions.

A contract is designed to protect both parties and a badly written contract can cause you no end of trouble.

The Consumer Protection Act requires that a written contract be provided to the consumer in all transactions over \$50. This contract is not binding if it doesn't contain the following:

- name and address of both the seller and buyer;
- description of goods and services;
- itemized price of goods and terms of payment;
- statement of any security given if credit is involved;
- full disclosure of the credit terms;
- statement of warranty or guarantee, if any;
- signature of both parties. (Each must retain an originally signed copy).

## Without all the above details, a contract is not binding

Points to remember when signing a contract are:

- never sign a blank contract. This compares to signing a blank cheque;
- read and understand all terms and conditions before signing;
- make sure all verbal agreements are written into the contract;
- delete any terms you find unacceptable and make sure that both parties initial the change;
- if there are still unacceptable conditions or terms, don't sign. Learn how to say "NO". Don't be pressured.

## Get written warranties/guarantees

Virtually everything you purchase is covered by some sort of warranty or guarantee whether or not it is labelled as such. Any warranty or guarantee should specify:

- the name and address of the manufacturer;
- who is responsible for the product's performance: the manufacturer or retailer;
- whether the whole product is guaranteed or just parts;
- the length of the guarantee;
- whether the guarantee is prorated.

This enables the manufacturer to offer you a depreciated settlement taking into account the length of time the product has been in use.

Warranty cards included with the goods when purchased may have to be mailed to the manufacturer within a certain time period. Guarantees may not be binding if:

- repairs are done by unauthorized people;
- the manufacturer's parts are not used;
- the product is purchased second-hand.

## Know the consumer vocabulary

### "Free"

This is one of the most misused words in the consumer vocabulary.

A car dealer recently advertised 200 gallons of "free" gasoline with any new car purchase. One customer said he didn't want the gasoline since he lived 300 miles out of town and would have to keep returning to the dealership to fill up. The sales agent then dropped the price of the car by \$150, more than enough to cover the cost of the gasoline. The gas wasn't free at all.

A record company offered a "free" record player to anyone purchasing a record each month for 12 months. A quick check at local record outlets revealed that the advertised price of the records offered was grossly inflated. The cost of the "free" player was hidden in the price of the records.

### "Wholesale"

It is most unlikely that you will be able to buy goods wholesale unless you are in business for yourself or happen to be the owner's son-in-law. The wholesale price is what the retailer pays for quantity purchases. Mark-ups for overhead and profit are added to this to arrive at the retail price — the price you pay.

Recently a woman complained that she bought a home air conditioner from a firm at a "wholesale" price of \$569 only to find the same item on sale in another store for \$499. Even at this lower price the store was making a profit.

There are few real bargains in the buyer's world. Shop around before making a major purchase, comparing prices, service and return policies in at least three stores. The merchant will price goods according to what the traffic will bear. The consumer will choose where to buy.

### "Discount"

The word "discount" is frequently meaningless. An item that has a discounted price of \$1.99 in one store may be discounted to \$1.69 in another. Comparison shopping is a must when dealing with "discount" stores because of wide price variations. One outlet may have the lowest prices in sporting goods, but the highest prices in household furnishings.

### **"Referral Selling"**

In this type of scheme, the sales person offers you a discount on an item if you refer three or four friends who buy. The Consumer Protection Act says that contracts entered into under such circumstances are not binding. (Write for our booklet: The Consumer Protection Act and How it Helps YOU, the Consumer.)

### **"Suggested List Price"**

Sometimes a manufacturer puts an inflated price on a product which the retailer does not expect to get. The suggested list price simply provides a convenient "talking point" from which the seller can appear to be giving you a "special" deal if you buy right away. In this case, an item priced at \$99 may be available in a neighboring store for \$44.

**The wise consumer compares prices, shops for quality and avoids impulse buying.**

### **"Bait-and-Switch"**

Add "Bait-and-Switch" to your consumer vocabulary. In this situation, a shady merchant will advertise a particular article at an unusually low price with no intention of selling it. When you arrive at the store, a member of the sales staff immediately degrades the article by pointing out all its defects in an attempt to switch you to a more expensive purchase, usually at an inflated price.

**This type of selling shouldn't be confused with a sales clerk trying to "sell you up", i.e. sell you a better model than the one you are considering. In this case, the seller will point out the advantages of both.**

## **How to complain successfully**

Reputable retailers and manufacturers welcome complaints. Sometimes it is the first indication that something is wrong with their product. Most will respond immediately because they want to keep you as a customer.

- It is wise to complain in writing — keeping a copy.
- Write legibly and, if possible, use a typewriter.
- Keep it simple and to the point. Don't make sarcastic remarks.
- If you are dealing with a local merchant, a personal discussion with the management often clears up the situation. Otherwise, a written letter is better as it avoids the telephone brush-off.
- Make sure you have the correct address. You will notice that more and more companies put their mailing address on cartons, literature, warranties.
- Make sure you have a name (sales manager, president) to complain to.
- Start your letter with your return address and telephone number. You would be surprised at the number of complaints received without this information.
- State where you purchased the faulty article; the date of purchase, if known; don't forget to indicate the model number when writing about appliances.
- Sign the letter clearly.
- Remember to always keep your receipts.



## Questions to ask when buying

1. Do I really need and want this article?  
Do I need it now?
2. Is it within my budget? Is the price what I thought I would pay or is it suspiciously low? What are the interest charges?
3. Does the product appear to be good value for my money?
4. Is this a standard item or do I have a choice? Have I made the best choice for my use?
5. Is it the right size for my needs?
6. Can I get good service and replacement parts when necessary?
7. Can the article be used right away? (Are there any additional purchases that must be made?)
8. Can I avoid spending money on a new article by repairing an old article to do the same job.

## The Consumer Checklist

- Learn to say NO if you're not interested in buying a product or service.
- Never sign a document just to get rid of a sales person.
- Always deal with known, respected and established companies.
- Be familiar with brand name goods and costs so you can compare merchandise.
- Always ask for identification when dealing with a door-to-door seller. He or she should have a company card. If in doubt, ask the sales person to return, then check with the Consumer

Protection Bureau to see if the firm is registered. An honest sales person won't mind this procedure.

- Never sign a blank contract or sheet of paper. Always read and understand the contract.
- Know the implications. A contract is a binding document.
- Always demand and save a written receipt for goods purchased.
- Be wary of 'life-time' guarantees. Always understand exactly what the guarantee means.
- Before signing any contract, make sure the name and address of the firm are included.
- Never pay cash to a sales agent. Make your cheque or money order payable to the firm.
- Compare price quotations with those of other firms.
- Make sure you understand and know exactly the total cost of your purchase. Add up those monthly charges.
- Remember, the law is designed to protect you, but it doesn't guarantee the quality of merchandise, its price or the integrity of the vendor.

## For further information, contact:

Consumer Protection Bureau,  
Ministry of Consumer and  
Commercial Relations,  
555 Yonge Street,  
Toronto, Ontario M4Y 1Y7



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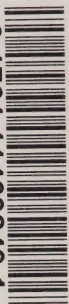
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